

Presidential Decree No. 1685, s. 1980

Signed on March 17, 1980 (<http://www.gov.ph/1980/03/17/presidential-decree-no-1685-s-1980/>)

MALACAÑANG
MANILA

PRESIDENTIAL DECREE NO. 1685

AMENDING PRESIDENTIAL DECREE NUMBERED THIRTEEN HUNDRED NINE AUTHORIZING THE CENTRAL BANK OF THE PHILIPPINES TO ENGAGE IN SPECIAL BORROWING AND LENDING OPERATIONS.

WHEREAS, the Central Bank should be clothed with the necessary authority to tap low-cost medium and long-term funds from international and regional financial institutions for relending to approved development projects;

WHEREAS, the availment of the funds obtained by the Central Bank under the Consolidated Foreign Borrowings Program should be easier by having more conduit financial institutions through which said funds could be channeled and by liberalizing the constraints on borrowings by government-owned or controlled financial institutions.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby declare and order the amendment of Presidential Decree No. 1309, as follows:

SECTION 1. Presidential Decree Numbered Thirteen hundred nine is hereby amended by adding a new section to be known as Section 1-A to read as follows:

“SECTION 1-A. Foreign loans obtained by the Central Bank from international or regional financial organizations of which the Republic of the Philippines is a member may be guaranteed by the Republic of the Philippines if required by the charter, regulation or policy of the lender.”

SEC. 2. Section 2 of the same Decree is hereby amended to read as follows:

“SEC. 2. Under special circumstances where the Monetary Board deems it in the national interest, and notwithstanding the provisions of any existing law to the contrary, the Central Bank may grant loans to the Government or to qualified banking and non-bank financial institutions from the proceeds of foreign loans obtained by it, subject to such terms and conditions as the Monetary Board may prescribe, for the following and analogous purposes:

“a. To lend to banking and non-bank financial institutions for relending, such funds to finance approved projects;

“b. To finance Government development projects for which financing from official development assistance (ODA) sources can not be obtained; and

“c. To refinance existing foreign obligations obtained at relatively more onerous terms.”

SEC. 3. The same Decree is hereby amended by adding a new section to be known as Section 3 to read as follows:

“SEC. 3. Notwithstanding the provisions of any existing law to the contrary, the Central Bank may, at its discretion, extend the proceeds of loans obtained under this Decree to the Development Bank of the Philippines, the Land Bank of the Philippines and other government-owned or controlled banks whose borrowings are required under their respective charters to be guaranteed by the Republic of the Philippines, without the guaranty of the Republic of the Philippines and the approval of the President of the Philippines: Provided, That obligations of such government-owned or controlled banks which are otherwise exempt from taxes imposed by the Government or any of its subdivisions shall not lose their tax-exempt status solely as a result of the absence of such Government guaranty or approval by the President.

SEC. 4. The same Decree is hereby amended by adding a new section to be known as Section 4 to read as follows:

“SEC. 4. The Monetary Board shall establish safeguards as it may deem proper to prevent undue inflationary effects of the lending operations of the Central Bank and shall issue such rules and regulations as may be necessary to implement this Decree and to insure a rational and coordinated approach to the international capital markets.”

SEC. 5. The same Decree is hereby amended by renumbering Section 3 as Section 5.

SEC. 6. Any provision of law, decree, rules and regulations inconsistent herewith are hereby repealed, amended, or modified accordingly.

SEC. 7. This Decree shall take effect immediately.

DONE in the City of Manila, this 17th day of March, in the year of Our Lord, nineteen hundred and eighty.

(Sgd.) **FERDINAND E. MARCOS**

President

Republic of the Philippines

By the President:

(Sgd.) JUAN C. TIVERA

Presidential Assistant

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